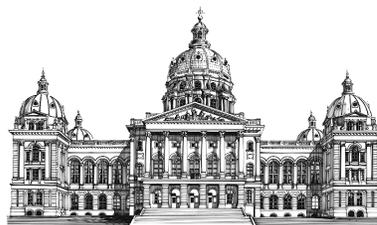

Iowa Legislative Fiscal Bureau

Dennis Prouty
(515) 281-5279
FAX 281-8451



State Capitol
Des Moines, IA 50319
July 9, 2001

Child Care Facility Inspections

ISSUE

Review of the role of the Department of Human Services and the Department of Inspections and Appeals regarding the inspection of child care facilities. This **Issue Review** relates only to the inspection and related licensure of child care centers and does not include information relating to those homes voluntarily participating in the registration process.

AFFECTED AGENCIES

Department of Human Services
Department of Inspections and Appeals

CODE AUTHORITY

Chapters 10A and 237A, Code of Iowa

BACKGROUND

The Department of Human Services (DHS) currently inspects child care facilities for purposes of licensure. For the purpose of this **Issue Review** focusing on child care centers, a center is statutorily defined as a facility providing child care or preschool services for seven or more children, except when the facility is registered as a child care home. The DHS also is responsible for the licensure process. The Department of Inspections and Appeals (DIA) becomes a participant typically in cases of possible financial fraud by either a provider or by an individual eligible for child care subsidy. The DHS licenses the centers on an annual basis, with one unannounced visit each year. House File 609 (filed during the 2001 General Assembly) would move the statutory inspection portion of the duties of the centers from the DHS to the Department of Inspections and Appeals. The Bill is currently assigned to a subcommittee of the House Human Resources Committee.

CURRENT SITUATION***Department of Human Services***

The DHS employed 18.0 FTE positions in FY 2001 for purposes of inspection and licensure of the child care centers. This includes 50.0% to 100.0% of the time of 32 Social Worker IVs.

Attachment A provides the location and time allocation for the FTE positions. For FY 2001 State funds provide \$728,076 (77.1%) of the budget, with the remaining \$215,884 (22.9%) from the federal government for a total of \$943,960. The cost of supervisory efforts at the regional office level and Central Staff Office FTE positions and support are not included in this total. Rental costs of regional offices are also not included in the expenditure total. **Table I** shows the FY 2001 cost categories:

Table I**DHS Child Care Inspection/Licensure Costs**

Category	Percentage of Expenditure
Personnel	92.6%
Clerical	5.0%
Other, travel/supplies	2.4%

The data is for FY 2001. The budgetary impact for FY 2002 may change the number of positions involved in the child care inspection and licensure process.

During the inspection and licensure process the DHS also provides the following services and assistance to the child care centers:

- Prelicense consultation activities for persons opening a center including:
 - Director and staff qualifications.
 - On site review of proposed facility.
 - Coordination with the Fire Marshal.
 - Review of licensure standards.
- Initial licensure activities such as:
 - Approval of personnel qualifications.
 - Approval of site/facility/floor plans.
 - Coordination with the Fire Marshal.
 - Review of licensure standards.
- Annual unannounced visits, with activity dependent upon the inspection history and needs of the center.
- Provisional licensure support services, including monitoring, consultation, and support.

- Annual relicensure visit services such as:
 - Review of any changes to site and facility structural plans.
 - Observation of and review of licensure standards.
- Record checks, such as criminal and child abuse background checks. This includes:
 - Processing requirements.
 - Monitoring of any legal contingencies placed on staff with criminal or child abuse histories and who have been approved to work in a child care center.
 - Participation in record check evaluation teams.
- Review of complaints including:
 - Review compliance with standards relative to an allegation.
 - Completion of report regarding complaint.
 - Provide assistance to comply with corrective action plan.
- Mid-year licensure activity if significant changes have taken place during the year at a center including staff qualification review and possible on-site review of site changes.
- Joint investigation with child abuse assessment staff if suspected child abuse has been reported at a center, including:
 - Review compliance with standards relative to allegation.
 - Completion of report regarding complaint.
- Consultation for program improvements and employee training relating to:
 - Information on best practices and operational changes.
 - Recommendations for program improvements.
 - Provision of written informational materials.
- Coordination with the Department of Public Health regarding various health related issues, food services, and environmental health.
- Coordination with the Fire Marshal.
- Coordination with the child care resource and referral agencies, county health departments, the Iowa State University Extension Service, empowerment areas, the University of Iowa Child Health Specialty Clinics, and the United States Department of Agriculture Rural Development programs.
- Provision of consumer education via parents, public meetings, and media reporting.

As of June 2001, there are 1,525 licensed child care centers in Iowa.

Department of Inspections and Appeals

The Department of Inspections and Appeals Investigations Division has 2.0 FTE positions which are currently temporarily conducting full time child care provider and recipient fraud investigations. They are considered temporary since the Department considers them unfunded positions. They were temporarily removed from their federally mandated economic fraud investigations to address child care subsidy fraud. The economic fraud cases then are not currently investigated, overpayments are not being collected, and violators are not being prosecuted. During the recent Kinderland child care center investigation conducted by the Investigations Division, the Department was required to utilize the State Auditor's Office to do part of the financial records examinations for the Department of Education. The Department's Investigation Division has seven regional offices with two investigators at each. There are four other investigators domiciled throughout the State. The remaining eight investigators conduct specific investigations such as Medicaid fraud and are located in Des Moines.

ALTERNATIVES

To move the licensure and inspection statutory duties from the DHS to the Department of Inspections and Appeals may require the separation (or elimination) of current activities performed by the DHS regarding support and consultation services provided at the same time as the inspection and licensure activities.

There may be a reasonable oversight need for dividing some of the duties between the Departments, depending upon the significance or purpose of an inspection or licensure complaint, in lieu of DHS acting upon a complaint about a center which was inspected and licensed by the same DHS. This may require development of communication between the two Departments for follow-up corrective action which may be necessary at a particular center.

For purposes of the annual inspection visit and licensure duties, the DHS may be able to continue the current scenario with increased communication with the Department of Inspections and Appeals. The communication may involve improved child care provider or eligible recipient of child care subsidy fraud investigations and recoupment of possible overpayment of subsidies by the DHS. It may be beneficial for the Department of Inspections and Appeals and the DHS to establish specific criteria for events that would trigger an independent evaluation by the Department of Inspections and Appeals upon a complaint or joint efforts upon a fraud or overpayment occurrence.

BUDGET IMPACT

The Department of Inspections and Appeals estimated that responsibility for inspections of licensed child care centers would require 7.95 FTE positions and \$827,114 for salaries, support, and travel. This does not include rental of office space or one-time equipment needs. In the event that the Department of Inspections and Appeals would become responsible for responding to facility complaints, the Department estimates a need of an additional 14.11 FTE positions at a cost of \$1,467,997. The DHS fiscal information provided for HF 609 indicated that a savings of \$229,149 (\$132,471 of State funds) and 4.0 FTE positions would be incurred with the transfer of the inspection duties to the Department of Inspections and Appeals. The fiscal estimate includes only the annual unannounced visits to the Centers. This would also include the assumption that the licensure, technical assistance activities, and responses to complaints would continue within the DHS responsibilities.

There may also be a negative impact to the amount of federal funds available for child care services by the DHS if inspection duties are transferred to the Department of Inspections and Appeals, since

it has not been determined if federal funds are available if another department performs the duties. The federal funds used for this purpose under the current situation are from the federal Child Care Development Fund.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

List of SW4s Involved in Child Care Licensure, Consultation, Complaint Investigations, and Other Child Care Activities by Name, Physical Location, Per Cent of Time Spent on Child Care Activities				
Sioux City Region	Waterloo Region	Des Moines Region	Council Bluffs Region	Cedar Rapids Region
<p>In the Sioux City 6 staff each spend 50% of their time in child care licensure and related activities, which equates to 3 FTEs.</p> <p>Those staff, locations, and percentage of time are:</p> <p><u>Sioux City RO</u> Social Worker #1 – 50% Social Worker #2 – 50% Social Worker #3 – 50% <u>Fort Dodge</u> Social Worker #4 – 50% Social Worker #5 – 50% <u>Spencer</u> Social Worker #6 – 50%</p>	<p>In the Waterloo Region 6 staff work in child care licensure and related activities, and their time equates to a total of 3.49 FTEs.</p> <p>Those staff, locations, and percentage of time are:</p> <p><u>Waterloo RO/Cedar Falls</u> Social Worker #1 – 52% Social Worker #2 – 61% Social Worker #3 – 65% <u>Mason City Area Office</u> Social Worker #4 – 63% <u>Dubuque Area Office</u> Social Worker #5 – 44% Social Worker #6 – 64%</p>	<p>In the Des Moines Region 3 staff work in child care licensure and related activities 100% of their time.</p> <p>Those staff, locations, and percentage of time are:</p> <p><u>Des Moines RO</u> Social Worker #1 – 100% Social Worker #2 – 100% Social Worker #3 – 100%</p>	<p>In the Council Bluffs Region 5 staff work in child care licensure and related activities 50% of their time, which equates to 2.5 FTEs.</p> <p>Those staff, locations, and percentage of time are:</p> <p><u>Council Bluffs RO</u> Social Worker #1 – 50% Social Worker #2 – 50% Social Worker #3 – 50% <u>Osceola</u> Social Worker #4 – 50% <u>Carroll</u> Social Worker #5 – 50%</p>	<p>In the Cedar Rapids Region 12 staff work in child care licensure and related activities 50% of their time, which equates to 6 FTEs.</p> <p>Those staff, locations, and percentage of time are:</p> <p><u>Davenport</u> Social Worker #1 – 50% Social Worker #2 – 50% Social Worker #3 – 50% Social Worker #4 – 50% <u>Iowa City</u> Social Worker #5 – 50% <u>Burlington</u> Social Worker #6 – 50% <u>Ottumwa</u> Social Worker #7 – 50% Social Worker #8 – 50% <u>Cedar Rapids</u> Social Worker #9 – 50% Social Worker #10 – 50% Social Worker #11 – 50% Social Worker #12 – 50%</p>

Attachment A

Source: Iowa Department of Human Services